

Bell Atlantic
1300 I Street, Suite 400W
Washington, DC 20005
202 336-7888 Fax 202 336-7922
E-Mail: susanne.a.guyer@BellAtlantic.com

Susanne Guyer
Assistant Vice President
Federal Regulatory

EX PARTE OR LATE FILED



January 20, 1999

Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
Washington, DC 20554

RECEIVED

JAN 21 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: CC Docket 98-147, Deployment of Wireline Services Offering
Advanced Telecommunications Capability**

Dear Ms. Salas:

Today, Mr. E. Young III, Mr. M. Glover, and I, representing Bell Atlantic, met with Mr. K. Martin, Legal Advisor to Commissioner Furchtgott-Roth, and Mr. W. Trumpbour of the Office of Commissioner Furchtgott-Roth. The purpose of the meeting was to explain Bell Atlantic's positions in the above-referenced proceeding.

The attached summary of Bell Atlantic's positions was distributed and used as a basis for discussion during the meeting.

In accordance with Section 1.1206(a)(1) of the Commission's rules, an original and one copy of this notice are being submitted to the Secretary.

Sincerely,


Susanne Guyer (TAS)

Attachment

cc: K. Martin
W. Trumpbour

No. of Copies rec'd 01
List ABCDE

Deployment of Advanced Services

Bell Atlantic shares the Commission's objective to bring high-speed connections to consumers. To realize this objective, the Commission should:

- Clarify that wholesale xDSL services are not subject to a further resale discount
- Grant interLATA relief for Internet protocol network backbones
- Clarify certain technical issues to insure that complex and unnecessary requirements dictates do not delay the availability of advanced services for consumers.

RECEIVED

JAN 21 1999

Bell Atlantic's vision for the consumer market is

- to add value to local telephone service by creating consumer friendly competitively priced high speed connections over those lines,
- giving consumers the choice of ISPs
- to reach a competitively provided, robust Internet backbone network capable of meeting increasing consumer demand.

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Separate subsidiary vs. integrated service

Bell Atlantic has concluded that to realize this vision it must offer xDSL service on an integrated basis.

- Offering DSL in a separate subsidiary adds costs, creates inefficiencies, delays and limits deployment, and ultimately results in higher prices for consumers.
- Consumers are very price sensitive.
- The cable companies have already established price points that competitors must meet or beat.

At a minimum, the FCC should make clear that when xDSL services are offered on an integrated basis:

- That resale discounts do not apply to the sale of xDSL services to ISPs because such services are wholesale and not retail services.
 - a) The Act's resale discount provision does not apply to these kinds of wholesale arrangements; it applies only to retail services.
 - b) This clarification makes sense because it will help encourage ISPs and others to resell xDSL at retail.
 - c) The same tariffed discounts are available to all ISPs and CLECs who offer the service at retail.

InterLATA relief

In order to realize its vision for high speed Internet connections to all Americans, the Commission should look not just to consumers' high speed access to the Internet, but should also consider the viability of the current Internet backbone.

- High-speed access to the Internet is only as fast as the slowest speed of any point on the Internet backbone.
- Existing Internet backbone is congested and has an average throughput of only 40 kbps, according to Keynote Systems.
- FCC should grant Bell Atlantic limited interLATA data relief to build and operate IP network backbones in competition with the Big Three providers: MCI Worldcom, Sprint and Cable & Wireless.

- Commission has authority under the Act to “establish” LATAs, which are defined simply as “contiguous geographic areas,” as well as to “modify” existing LATAs.
- Commission should invoke that express authority to establish a single national and international LATA for IP network backbone services.
- At a minimum, the Commission should not preclude ILECs from petitioning for relief on a case by case basis.

Other technical and operational issues

The Commission should refrain from:

- adding artificial costs to the ILEC offering of xDSL services;
- redefining Section 251 requirements; and
- imposing increasingly intrusive regulation on the carrier interconnection process.

Imputation of Loop Costs

- Requiring ILECs to impute the full loop cost to xDSL service when it is provided over the same loop used to provide local exchange service would force a double recovery of loop costs.
 - a) When an ILEC uses a loop to provide local exchange service, it recovers the cost of the loop through the rates for local exchange and exchange access services.
 - b) Imputing the full loop cost to xDSL service would effectively cause those costs to be recovered a second time.
- Imputing any loop cost to xDSL service violates the Commission precedents requiring that rates be set on the basis of incremental cost.
 - a) When xDSL service is provided over the same loop that is used to provide local exchange service, there is no incremental loop cost.
 - b) Imputing loop costs to xDSL service in these situations would force pricing of xDSL service on something other than incremental cost.

Subloop Unbundling

- There is a wide range of network configuration points at which the loop might conceivably be unbundled into subloop elements. Each of these points involves unique operational and technical challenges because of geographical and physical conditions.
- ILECs should not be generally required to implement subloop unbundling at any theoretical points until competing carriers:
 - a) identify the points and locations at which they wish to access subloop elements;
 - b) agree to cooperate in the development of coordinated operational procedures; and
 - c) negotiate an agreement for access to subloop network elements under the negotiation and arbitration procedures laid out in the Act.
- ILECs should be able to recover the cost of developing the capability of making subloop elements available on an unbundled basis at each point requested by a competing carrier.

Spectrum Unbundling

- A loop is a network element; spectrum on a loop is not.
 - a) The Act defines a “network element” as “a facility or equipment used in the provision of a telecommunications service.” A loop is a facility; spectrum on a loop is neither a facility nor equipment.
 - b) The Commission has already found that “[f]or some elements, especially the loop, the requesting carrier will purchase exclusive access to the element for a specific period, such as on a monthly basis.” Giving other carriers access to spectrum on a loop would violate the loop purchaser’s right to exclusive access.
- Requiring spectrum unbundling or “loop sharing” would take away the “carrot” to compete for local residential voice services.
 - a) If carriers can obtain access to spectrum on a loop at little or no charge, they will have absolutely no incentive to build their own competing local facilities or to offer competitive voice services to consumers.
 - b) ILECs and new entrants that have invested in their own loop facilities would be at a competitive disadvantage because they alone would have to offer a variety of services to recover the full cost of the loop.
 - c) Allowing new entrants to use another carrier’s loop facilities to provide only xDSL services and avoid the full cost of the loop would give these new entrants an artificial advantage over the competitors that have already invested in loop facilities.
- Spectrum unbundling or “loop sharing” should be required only to the extent an ILEC shares the loop with its own affiliate.

Collocation

- Both new entrants and ILECs should be able to secure their equipment in central offices.
- When new entrants establish collocation in a place or manner that circumvents the ILEC’s existing security arrangements, the ILEC should be able to recover the reasonable cost of new security arrangements from collocators.
- The Commission should not attempt to micromanage security arrangements.
 - a) For example, security cameras may be appropriate in one central office, while a separate physical room may be appropriate in another and an escort process is appropriate in a third office.
 - b) State commissions are better able to evaluate the reasonableness of security arrangements in particular situations as part of their overall responsibility to determine the availability of central office space for physical collocation.